

**20**

**Annual Report**  
**Financial statements for the**  
**year ended 31 Dec. 2019**

**19**



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# Assembly members and advisors

## PRESIDENT

**Sandra Gidley** Appointed 16 July 2019

## TREASURER

**Mahendra Patel** Appointed 17 July 2018

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## Assembly

### NATIONAL BOARD CHAIRS

**Claire Anderson** Appointed 16 July 2019

**Jonathan Burton** Appointed 16 July 2019

**Suzanne Scott-Thomas** Reappointed 19 July 2017

### OTHER MEMBERS

**David Carter** Reappointed 16 July 2019

**Sibby Buckle** Reappointed 16 July 2019

**Martin Astbury** Reappointed 16 July 2019

**Ewan Black** Appointed 17 July 2018

**Jamie Hayes** Appointed 16 July 2019

**Mike Hannay** Appointed 16 July 2019

**Lynne Smith** Appointed 16 July 2019

**Ash Soni** Appointed 17 July 2018

**Duncan Craig** Appointed 16 July 2019

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### CHIEF EXECUTIVE

**Paul Bennett**

### PRINCIPAL OFFICE

66 East Smithfield, London, E1W 1AW

### AUDITOR

**Buzzacott LLP**

130 Wood St, London, EC2V 6DL

### SOLICITOR

**Laytons Solicitors LLP**

2 More London Riverside, London SE1 2AP

### BANKER

**National Westminster Bank**

91 Westminster Bridge Road, Lambeth, London, SE1 7HW

# Letter from our President and Chief Executive

**SANDRA GIDLEY FRPharms,**  
PRESIDENT



**PAUL BENNETT FRPharms,**  
CHIEF EXECUTIVE



As President and Chief Executive respectively, it is our pleasure to introduce the Financial Statements of the RPS for the year ended 31st December 2019. We have again chosen to publish our accounts fully and openly, in a manner that we believe our members would expect, and our accounts are once again subjected to the scrutiny of external audit in accordance with the applicable laws and Financial Reporting Standards.

This has been a significant year for all those at the RPS who have been working hard to continue to ensure we achieve our mission of 'putting pharmacy at the forefront of healthcare' and to make sure that we have our members at the very centre of our thoughts while striving to manage costs and drive revenues in a tough economic climate.

Like most other organisations, we have had to rise to the challenges that the protracted discussions about the UK's membership of the European Union have created throughout 2019. Whether those challenges were directly related to the work we do on behalf of our members in patient facing roles (such as ensuring your voice was being heard when discussions about medicines supply and serious shortages were taking place at senior level within Government and the NHS), the concerns of our Pharmaceutical Scientist members about future investment in science and research in the UK or the fears of all of our members about the future investment necessary in the development of the pharmacy workforce to be able to take on increasingly clinical activity, we have been actively influencing and shaping thinking of those in positions of influence. Increasingly, we have been doing this with and alongside others who share our concerns as we don't see this as a competition amongst representative organisations. These issues are much more important than that.

We have also been following through on our promise from 2018 that we would continue to actively listen to, and engage with, our members. In 2019 we conducted a major survey of our membership in order to understand what our members want and need from their RPS. You tell us that you want us to do more to advance the profession (which in turn creates opportunity for members) and also to provide more directly relevant and supportive benefits of membership. We launched our Inclusion and

Diversity Programme, as we are passionate about supporting our members to feel they can be themselves in the workplace whatever their race, colour, gender, sexual preference or physical or mental state. This is a long-term commitment from the RPS supported by the appointment of an Independent Chair, Asif Sadiq, MBE utilising a series of events, from workshops to roundtables, conference sessions and blogs and culminating in a strategy to drive change.

We are working hard behind the scenes to enhance the benefits of membership and to build upon what we already do. In 2019 we started another significant piece of work about Wellbeing as we are concerned to hear what our members are saying about the pressures they are working under and the impact it has on them and their families and work colleagues. We started dialogue with the Regulator, with the NHS and with the employers and this is a high priority piece of work for RPS in 2020.

On a positive note, we had great feedback about two key events held this year, our Science and Research Summit in February, which was an absolutely fantastic event with very high-profile speakers, and the RPS Conference in September. The Conference was the first since 2017 (having taken a year's sabbatical when we hosted the FIP Congress in Glasgow in 2018) and it too was an exceptional, free to attend, event with over 550 attendees present. We are looking forward to building on both of these in 2020.

Our Education and Professional Development team have been exceptionally busy this year and this culminated in the launch of the RPS Foundation Pharmacist Framework in autumn 2019. As well as supporting our more experienced members, we need to support and invest in newly qualified pharmacists, to ensure a future workforce that can meet the ambitious government policies across the UK and see pharmacists providing increasingly complex clinical care across a broad range of settings. The framework takes us in this direction. Alongside the work on foundation we have also been busy developing the profession's approach to advanced generalist and specialist practice and the assessment and credentialing that goes with this, as well as putting in place a process for managing the approvals of Consultant Pharmacist posts and accreditation of individuals themselves. Supporting pharmacists to develop their careers is at the very heart of what the RPS is about.

During 2019 we also made good on our promise to cement our position in Scotland with the move from our leased property near Holyrood to our newly acquired premises in the centre of Edinburgh. This has been a sound financial investment as well as providing a high-quality venue for members who are encouraged to make use of such facilities for meetings, both formal and informal. We also finally concluded the remaining snagging works on our London Office and the 2019 accounts reflect the final settlement with the developers. This has given members a great space in which to meet and where the profession can call its home. From our venues we continue to develop sales in hospitality, although the impact of Brexit uncertainty also meant this was a much tougher market than in 2018. We have now re-tendered our catering and hospitality contract, improved further our offer to those looking to hire a premium venue for conferences, meetings and dinners and look forward to working with our new contractor to grow this income stream further during 2020.

In line with the wishes of Assembly, we have continued to invest in the core areas of our operation and been actively recruiting to fill critical vacancies, particularly in our technology, product development and publishing functions. We have been highly focussed on strengthening the employment brand of RPS in order to attract and retain great talent that can strengthen RPS's future performance for the benefit of

members. The recruitment market has been highly competitive, particularly in London, but we have been successful in attracting key individuals across the organisation, thus reducing our reliance on contractors and agency staff which are often more expensive and less productive.

We have also been continuing to drive the sales performance of our publishing business in an ethical and professional manner and our suite of clinical references, known as MedicinesComplete had a very strong performance. We have agreed an approach to develop further our digital offering to members and customers and this extends beyond our publications and into our other products, such as the Revalidation API that enables members to link their CPD portfolio directly to the GPhC Revalidation record. In July we published Edition 43 of MEP which was extremely well received by members and in August the Pharmaceutical Journal became bigger and better as we combined the PJ and Clinical Pharmacist and the Journal now contains peer-reviewed CPD and original research in addition to the usual high quality content that it always has.

While ensuring we have adequate and appropriate resource for future growth, we have also been carefully managing our finances. During 2019 we undertook a review of the activities of all of our employees and made proposals to Assembly on how to improve efficiencies further. Despite a certain amount of redeployment, this sadly resulted in a number of colleagues leaving the organisation during the fourth quarter of the year and into early 2020. There was also further change to the Executive team structure announced in quarter four to slim down the senior leadership further, alongside a real focus on expenditure with the majority of identified savings (both payroll and non-payroll) coming from non-member facing areas of the organisation. Despite the more challenging economic environment than was anticipated when the 2019 budget was set in 2018, we achieved an operating deficit of £1.37m (which was just £32K worse than budget after adjustments) on a turnover of £23.6m which was in line with the previous year.

We are pleased to say that we have also reviewed the governance of the organisation during 2019 and, within the parameters permitted by the Charter, have made a number of changes

(previously gazetted for member comment) that will also streamline operations. This includes the introduction of a new Conduct Scheme for members.

The Assembly and Boards have also looked at their own costs and agreed to reduce the frequency and number of meetings in 2020, freeze allowances and use audio-visual technology more frequently to reduce travel costs. This, alongside a prudent pay award for staff (which excludes the Executive who proposed to freeze their own salaries) and tight controls on all other expenditure, means that we have an appropriate budget within which to continue to deliver for our members.



**SANDRA GIDLEY, FRPharms**  
PRESIDENT



**PAUL BENNETT, FRPharms**  
CHIEF EXECUTIVE

12<sup>th</sup> June 2020

# Report of the Assembly

The Assembly presents its report and the audited financial statements of the Royal Pharmaceutical Society of Great Britain, trading as the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2019.

## PRINCIPAL ACTIVITIES

The Royal Pharmaceutical Society is the professional membership body for pharmacists and pharmacy in Great Britain. We advance the profession of pharmacy for public and patient benefit to secure the future of the profession and our members.

We lead and promote the advancement of science, practice and education in pharmacy to shape and influence the future delivery of pharmacy driven services.

We support and empower our members to improve health outcomes for society through professional guidance, networks and resources.

### We do this by providing:

## LEADERSHIP

We ensure the voice of the whole profession is heard at the highest levels of healthcare and government through our responses to consultations, influencing policy development and through our expert advisory panels.

## PROFESSIONAL RECOGNITION

We provide our members with professional recognition through the RPS Faculty, enabling them to gain recognition for their level of practice by employers, commissioners, patients and the public. Our expert members regularly appear in the media to ensure the public has the best information when medicines are in the news.

## NETWORKING

Local Practice Forums and professional online groups allow colleagues to share experiences.

## SUPPORT AND DEVELOPMENT

We produce professional guidance and support tools to develop and supplement our members' skills and knowledge. We work in collaboration

with other royal colleges to develop guidance that supports effective patient care.

## MEDICINES INFORMATION

We provide healthcare professionals, students and scientists with the most trusted and usable data, information and therapeutic guidance on drugs and medicines.

## LEGAL STATUS

The RPS is governed by a framework comprising its Royal Charter. This is underpinned by regulations, rules and byelaws. The RPS was founded in 1841 and incorporated by Royal Charter in 1843. The RPS's current Charter was granted in 2004 and was amended on 27th September 2010 to remove the RPS's regulatory powers, which transferred to the General Pharmaceutical Council ("GPhC") at that date.

## GOVERNANCE

The Assembly agrees the overall strategy and top-level objectives, with Pharmacy policy making at national level being the delegated responsibility of the National Boards. The National Boards in turn set Pharmacy policy and objectives within the overall strategy and ask the relevant National Director to implement them.

The Assembly also delegates responsibility for the strategic direction of the Pharmaceutical Press to the Pharmaceutical Press Board.

The Assembly elects annually the President and Treasurer, which constitute the Officers.

## CHAIRS AND OFFICERS GROUP

The Assembly authorises a group comprising the Officers and Board Chairs:

- to appoint the Chair and members of the Finance and Investment and Audit and Risk Committees;
- to deal with issues arising which require an urgent response that do not fall within the delegated authorities of other governance bodies. Where this concerns new policy, actions would be subsequently ratified by the Assembly as appropriate;
- to deal with matters delegated by the Assembly; and

- to communicate immediately to the members of the Assembly any actions/decisions agreed, unless precluded from doing so by confidentiality.

## FINANCE AND INVESTMENT COMMITTEE

The Committee was formed in 2018 and comprises of four members of the Assembly and/or National Boards and the Treasurer.

The Finance and Investment Committee is established to:

- review the proposed Budget and its alignment with approved business plans in advance of each financial year and report its opinion to the Assembly prior to the budget being signed off;
- monitor the integrity of the financial statements, including reports on financial performance, reviewing significant reporting issues and judgements which they contain assess and make recommendations to the Assembly on any significant variances against approved budgets;
- recommend to the Assembly approval of the annual financial statements;
- assess the adequacy of internal and external financial reports and that reports are accurate and timely assess the effectiveness and adequacy of accounting, financial and operating controls and satisfy itself that the annual financial statements represent fairly the financial position of the RPS;
- review significant accounting policies and procedures and recommend changes to the Assembly review and monitor the appropriateness of the RPS's financial reserves policy;
- monitor the effectiveness of the arrangements in place to secure economy, efficiency and effectiveness, and value for money;
- to oversee short and long-term investments;
- review the Investment strategy and make recommendations to the Assembly for change where deemed appropriate, review the current Statement of Investment principles and recommend changes as required for consideration by the Assembly;
- review the implementation of approved capital projects to determine if the agreed objectives are being achieved and review post implementation reports;
- monitor the Diversified Growth Fund;
- to ensure that the fund is performing to expectations;
- to assess if the policy between asset classes and asset managers is deemed appropriate;
- to monitor the exercise of the investment powers that have been delegated to the fund managers;
- to appoint (and when necessary dismiss) the investment managers and investment consultants;
- To review the appropriate amount of funds to deposit with the Fund manager periodically balanced against the competing needs for investment in the RPS and cash flow forecasts;
- To review the investment in property assets and the balance between this and other investment options.

The Finance and Investment Committee met 4 times in 2019 and the following issues were considered: -

- Financial performance. Regular reviews of the RPS's financial performance for 2019.
- 3 Year business plan and investment strategy. Review of the financial plans on behalf of the Assembly, where ultimate fiduciary duty lies. A review of the investments fund's overall objectives and performance was also undertaken.

## AUDIT AND RISK COMMITTEE

The Committee comprises of two appropriately skilled members of the Assembly who are not Officers of the RPS or Board Chairs, one lay member of the Assembly, one external, appropriately skilled, lay Chair and one additional external member who has finance and audit expertise.

The Audit and Risk Committee is established to:

- advise on the appointment of external financial auditors;
- set the remit for the audit;



- review, with the auditors, the outcome of the audit and satisfy itself that the management response to any issues raised is appropriate;
- Instigate internal audits of any processes it deems appropriate and satisfy itself that the management response to any issues raised is appropriate;
- monitor the integrity of internal controls, including review of internal audit and other management reports on the effectiveness of the systems of internal control;
- keep under review the Risk Register and advise the Assembly accordingly;
- ensure the Society's procedures for ensuring legal compliance in all areas are implemented and enforced;
- ensure appropriate arrangements for staff to raise concerns about possible improprieties;
- review anti-fraud and whistleblowing policies;
- assess the scope and effectiveness of the systems designed to identify, assess, manage and monitor significant risks.

The Audit and Risk Committee met three times during 2019 and the following issues were considered: -

- Risk Management and Business Continuity. As the RPS evolves as a business, so do the risks it faces. The committee continued to ensure that the Executive Team and Assembly maintained awareness of the key risks facing the RPS and that suitable action plans were in place to deal with them.
- External Audit. Members noted the post audit report for the 2017 audited accounts and agreed that it be presented to Assembly in July. Because at this time the Finance and Investment committee hadn't been formed.
- Internal Audit. A programme of internal audit work was presented to the Committee in 2014. 169 recommendations have been made with 145 having been closed. With the Committee's input, this work was designed to test a range of financial and non-financial systems and processes, thus providing assurances that they are robust, and where weaknesses are uncovered, the necessary recommendations

have been made and corrective action taken.

- Cyber-crime and IT Security. The Committee continues to monitor the threat of cyber-crime but notes the work that has been done in 2017 and notes that this is no longer the highest on the risk register. However, a further external review was carried out at the end of 2019 reflecting the committee's on-going interest in this area.

## RISK MANAGEMENT

The RPS' policy on risk management continues to be reviewed to ensure that it meets the requirements in terms of identifying risk across the organisation and that the control and assurance measures in place are appropriate and proportionate to deal with these risks. The consideration of risk is included in the planning process and is reviewed monthly by the Executive and at the Audit and Risk Committee and the Assembly meetings.

In the area of business continuity, the plans are subject to continual review. It will be necessary to test the current plans and to engage on an exercise to communicate the plans to managers and other staff.

The IT architecture has also been significantly improved with automatic fail over in the event of a problem with an internet connection and increased capacity to improve resilience at all locations. The security of the RPS museum and library assets, hardware and staff are covered by an extensive range of security devices at the new headquarters.

Some of the areas which pose a higher risk to the RPS' business plan are as follows:

- Member retention and recruitment
- Competition from other bodies within the pharmacy sector
- Cyber-crime and IT security
- Security of assets and information
- Potential increase in pension costs

The RPS has a robust governance process to ensure that investments being made in 2020 achieve the objectives set.

## REMUNERATION COMMITTEE

The Remuneration Committee comprises the President, the Treasurer, the Chairs of the three National Boards and one lay member. The Committee agreed that an overall 2.5% basic salary increase will be budgeted for 2020. This salary increase will apply to all staff, excluding the senior management team.

## THE EXECUTIVE TEAM

Consisting of the Chief Executive and Directors has delegated responsibility for the day to day management of the RPS. The Executive Team in turn provides the Assembly, boards and committees with sufficient information on a timely basis in regard to the performance, financial condition, operating results and prospects of the RPS to enable them to fulfil its governance responsibilities.

Each year, there are three formal meetings of the Assembly as well as one strategy day. Further meetings of the Assembly can be called if necessary.

## PENSION SCHEME

The latest information on the pension scheme is given below:

There was a new tri-annual Actuarial Valuation, (as at 31st December 2018), undertaken on behalf of the Trustees in 2018. The Assembly and Trustees have agreed that the annual contribution will increase to £700,000 from 2021 to 2024 and a final payment of £325,000 in 2025, when the deficit is predicted to be eliminated.

The Trustees, in consultation with the RPS, decided to maintain the mid to long-term strategy to de-risk the scheme's assets and more closely match its liabilities. Both the Trustees and the RPS recognise the problems financial market volatility can cause in pension funding and planning.

The strategy implemented during 2011 to move from equities to bonds when key trigger points in relative bond/equity positions are reached, was continued. This was continuously reviewed at Trustees meetings based on sound advice from actuarial advisors and amended if decided appropriate and in the best interest of the Scheme.

The Trustees undertook a 'buy-in' in respect of the current pensioners to remove the risk of increased costs arising from extended life projections.

The 'buy-in' represents an insurance policy that would pay an annuity to the fund and does not favour any particular group of pensioners. It was not economic to do the same for deferred pensioners as the insurance pricing for the uncertainty of this group was cost prohibitive.

More information regarding the Pension Scheme can be found in note 20 to the financial statements. This information includes disclosures required by FRS102.

## FINANCIAL RESULTS

The financial result for 2019 before interest and taxation is a deficit of £1,372,000. The comparative result for 2018 was a deficit of £1,209,000.

Overall, total revenues have risen by £73,000 in the year. The story behind revenues is one of mixed fortunes and underlines the challenges being experience across the publishing and non-profit sectors. Advertising and print sales are falling, as is income from members as generational habits change. Commercial digital revenues, however, have grown by £735,000 (8%), underlining the importance the recent investments made in technology have been, to optimise our digital capabilities.

Total expenditure has increased by £236,000. Like for like wages increased by £427,000 in the year, primarily due to inflation driven by a very competitive London labour market. Wages make up almost half of all expenditure and attracting and retaining talented staff is critical to the continued success of the RPS.

The investment portfolio decreased in value by £2,431,000 during the course of 2019. The investment strategy hasn't changed. This remains a long-term investment that will have cyclical gains and losses but is positioned to deliver long term growth, whilst ensuring protection against the potential predicted adverse moves of the global financial markets in the short to medium term.

After incorporating movements on provisions, losses on investments, interest and the tax liability for the year, the final result is a surplus of £138,000. The comparative result for 2018 was a deficit of £1,637,000.

A more detailed analysis of income and expenditure is included in note 2 to the financial statements to enhance transparency and help with the interpretation of the financial information.

Excluding pension scheme deficit adjustments, the balance sheet remains strong, with net assets of £31,463,000 (2018 - £31,560,000).

## STATEMENT OF THE ASSEMBLY'S RESPONSIBILITIES FOR THE PREPARATION OF FINANCIAL STATEMENTS

The Assembly is responsible for preparing the Report of the Assembly and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

By Royal Charter, the Assembly is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the RPS and of the income and application of resources, including the income and expenditure, of the RPS for that period.

In preparing these financial statements, the Assembly is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether United Kingdom Accounting Standards (FRS102) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RPS will continue in operation.

The Assembly is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the RPS. They are also responsible for safeguarding the assets of the RPS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Assembly members confirms that:

- so far as the member is aware, there is no relevant audit information of which the RPS' auditor is unaware; and
- The member has taken all the steps that he/she ought to have taken as a member in order to make himself/herself aware of any relevant audit information and to establish that the RPS' auditor is aware of that information.

The Assembly members are responsible for the maintenance and integrity of financial information included on the RPS' website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The auditors, Buzzacott LLP will be proposed for re-appointment.

By order of the Assembly

**MAHENDRA PATEL**  
FRPharmS  
TREASURER

**PAUL BENNET**  
FRPharmS  
CHIEF EXECUTIVE

18<sup>th</sup> March 2020

# Independent auditor's report to the assembly of the Royal Pharmaceutical Society of Great Britain

## OPINION

We have audited the financial statements of the Royal Pharmaceutical Society ("the RPS") for the year ended 31 December 2019 which comprise the statement of income and retained earnings including the statement of other comprehensive income, the balance sheet, the statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the RPS' affairs as at 31 December 2019 and of its deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the RPS in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the RPS' members use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members of the RPS have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the RPS' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## EMPHASIS OF MATTER – EFFECTS OF COVID-19

We draw attention to the report on page 34, which has been added as an addendum to the report and financial statements approved by the Assembly on 18 March 2020. The addendum describes the economic and social disruption the RPS is facing as a result of the Covid-19 pandemic and the impact this may have on the RPS' finances.

Our opinion is not modified in respect of this matter.

## OTHER INFORMATION

The members of the RPS are responsible for the other information. The other information comprises the information included in the report of the Assembly and the Letter from the President and Chief Executive other than that within the financial statements and our Auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such

material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the RPS and its environment obtained in the course of the audit, we have not identified material misstatements in the annual report. We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

### **RESPONSIBILITIES OF THE ASSEMBLY**

As explained more fully in the statement of the Assembly's responsibilities, RPS' members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the RPS' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the RPS or to cease operations, or have no realistic alternative but to do so.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

### **USE OF OUR REPORT**

This report is made solely to the members of the Assembly, as a body, in accordance with the Bye Laws of the RPS. Our audit work has been undertaken so that we might state to the RPS' members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the RPS and the RPS' members as a body, for our audit work, for this report, or for the opinions we have formed.

**BUZZACOTT LLP**  
STATUTORY AUDITOR  
130 Wood Street  
London  
EC2V 6DL

# Statement of income & retained earnings

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000s	2019 £000s	2019 £000s	2019 £000s	2019 £000s	2018 £000s
		GENERAL RESERVE	PENSIONS RESERVE	INVEST. RESERVE	PROPERTY RESERVE	TOTAL	TOTAL
Income	2	23,448	235	145	-	<b>23,828</b>	<b>23,755</b>
Expenditure	2	(25,174)	-	(26)	-	<b>(25,200)</b>	<b>(24,964)</b>
<b>Operating (deficit)/surplus</b>		<b>(1,726)</b>	<b>235</b>	<b>119</b>	<b>-</b>	<b>(1,372)</b>	<b>(1,209)</b>
Decrease in provisions	15	154	-	-	800	<b>954</b>	<b>41</b>
Net investment gains/(losses)	10	-	-	562	-	<b>562</b>	<b>(476)</b>
Interest (payable)/receivable	4	(6)	-	-	-	<b>(6)</b>	<b>7</b>
<b>(Deficit)/surplus on ordinary activities before taxation</b>	<b>5</b>	<b>(1,578)</b>	<b>235</b>	<b>681</b>	<b>800</b>	<b>138</b>	<b>(1,637)</b>
Taxation	6	-	-	-	-	-	-
<b>(Deficit)/surplus on ordinary activities after taxation</b>		<b>(1,578)</b>	<b>235</b>	<b>681</b>	<b>800</b>	<b>138</b>	<b>(1,637)</b>
<b>Other comprehensive income</b>							
Pension scheme actuarial gain	20	-	790	-	-	<b>790</b>	<b>1,301</b>
Deferred tax	19	-	(241)	21	47	<b>(173)</b>	<b>469</b>
<b>Retained (deficit)/surplus for the year</b>		<b>(1,578)</b>	<b>784</b>	<b>702</b>	<b>847</b>	<b>755</b>	<b>133</b>
<b>Reconciliation of funds</b>							
Total funds brought forward		22,825	(2,530)	4,875	3,860	<b>29,030</b>	<b>28,897</b>
<b>Accumulated funds as at 31 December 2019</b>		<b>21,247</b>	<b>(1,746)</b>	<b>5,577</b>	<b>4,707</b>	<b>29,785</b>	<b>29,030</b>

# Balance sheet

AS AT 31 DECEMBER 2019

	Note	2019 £000s	2019 £000s	2018 £000s	2018 £000s
<b>Fixed Assets</b>					
Heritage Assets	7		3,500		3,500
Intangible assets	8		1,880		2,149
Tangible assets	9		21,814		20,394
Investments	10		6,586		8,064
			<b>33,780</b>		<b>34,107</b>
<b>Current assets</b>					
Investments			371		2,903
Stock	11		62		63
Debtors	12		6,010		6,228
Cash in hand and at bank			1,164		598
			<b>7,607</b>		<b>9,792</b>
Creditors: amounts falling due within one year	13		(3,720)		(4,595)
<b>Net current assets</b>			<b>3,887</b>		<b>5,197</b>
<b>Total assets less current liabilities</b>			<b>37,667</b>		<b>39,304</b>
Creditors: amounts falling due after one year			(50)		(50)
Deferred income	14		(5,995)		(5,648)
Provisions	15		-		(1,887)
Pension scheme liability	20		(1,947)		(2,972)
Deferred tax asset	19		110		283
<b>Net assets</b>			<b>29,785</b>		<b>29,030</b>
<b>Funds employed</b>					
Accumulated fund			21,247		16,767
Property revaluation reserve			4,707		3,860
Investment reserve:					
Historical cost			3,746		9,091
Revaluation reserve			1,831		1,842
<b>Revaluation reserve</b>			<b>10,284</b>		<b>14,793</b>
<b>Total funds before pension asset</b>			<b>31,531</b>		<b>31,560</b>
Pension scheme reserve			(1,746)		(2,530)
<b>Total funds including surplus/deficit on pension scheme reserve</b>			<b>29,785</b>		<b>29,030</b>

The financial statements were approved by the Assembly on 18th March 2020 and were signed on its behalf by Sandra Gidley FRPharms and Mahendra Patel FRPharms:



**SANDRA GIDLEY**  
FRPharms  
PRESIDENT



**MAHENDRA PATEL**  
FRPharms  
TREASURER

# Statement of cash flows

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £000s	2018 £000s
<b>Cash flows from operating activities:</b>			
Net cash used in operating activities	A	(1,762)	743
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		(621)	(131)
Payments to acquire intangible fixed assets		(184)	(1,085)
Receipts from disposals of tangible fixed assets		-	-
Payments to acquire investments		(4,736)	(6,190)
Receipts from disposal of investments		7,584	5,671
Investment income received		139	167
<b>Net cash (used in) provided by investment activities</b>		<b>2,182</b>	<b>(1,568)</b>
Change in cash and cash equivalents in the year		420	(825)
Cash and cash equivalents at 1 January 2018	B	1,115	1,940
<b>Cash and cash equivalents at 31 December 2018</b>	<b>B</b>	<b>1,535</b>	<b>1,115</b>

## Notes to the cash flow statement for the year to 31 December 2019

<b>A. Reconciliation of net movement in funds to net cash provided by (used in) operating activities</b>	2019 £000s	2018 £000s
Net (expenditure) income before transfers	138	(1,637)
Pension adjustment	(235)	79
Amortisation charge	453	410
Depreciation charge	683	635
Net investment gains	(562)	476
Foreign exchange losses on forward contracts	-	58
Loss on disposal of tangible fixed asset	97	-
Impairment charge to intangible fixed assets	-	298
Investment income	(139)	(167)
Decrease/(increase) in stocks	1	67
Decrease/(Increase) in debtors	218	(1,115)
(Decrease)/increase in creditors	(2,416)	1,639
<b>Net cash used in operating activities</b>	<b>(1,762)</b>	<b>743</b>
<b>B. Analysis of changes in cash and cash equivalents</b>	At 31 Dec. 2019 £000s	At 31 Dec. 2018 £000s
Cash at bank and in hand	1,164	598
Cash held by investment managers	371	517
<b>Total</b>	<b>1,535</b>	<b>1,115</b>



# Notes to the financial statements

For the year ended 31 December 2019

## 1 Accounting policies

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the accounts are laid out below. The policies have been applied consistently throughout the year.

### A ACCOUNTING CONVENTION

The accounts have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these accounts.

The accounts have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The accounts are presented in sterling and are rounded to the nearest thousand pounds.

### B AREAS OF CRITICAL JUDGEMENT

Preparation of the accounts requires the Assembly to make critical judgements and estimates. The items in the accounts where these judgements and estimates have been made include:

Licensing income. An element of the reportable licensing income is a combination of deferred and accrued income, as determined by the contractual terms of each agreement.

### C CAPITALISATION POLICY

All assets costing more than £500 and with an expected useful life exceeding one year are capitalised.

### D HERITAGE ASSETS

The RPS' heritage assets comprise collections of books, drug jars, silver plates and general artefacts. Any additions to the collection are now received by way of donations. See note 8 for further information.

Heritage assets have been recognised in the balance sheet separately from other assets. The assets have been valued by St George Valuations, taking into account full market value. The work was begun in 2015 and was completed in early 2016.

The RPS carries out an annual impairment review to assess whether a heritage asset is impaired and, if so, to recognise and measure the impairment loss.

### E TANGIBLE FIXED ASSETS

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, in equal annual instalments over the expected useful economic lives of the assets.

The principal annual rates in use are:

<b>Freehold property</b>	2%
<b>Long leasehold*</b>	2%
<b>Short leasehold</b>	Over life of the lease
<b>Plant and machinery</b>	5%-20%
<b>Office equipment</b>	10% - 33%

No depreciation is provided on freehold land and no depreciation is provided on assets in the course of construction.

The RPS has adopted a policy of revaluation for its freehold properties. This asset class was revalued as at 31 December 2017 to fair value at the date of revaluation. In subsequent years, freehold properties will be held at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations will be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

*\*Less than 50 years constitutes short leasehold, such as the 15 years on Scottish Office leasehold.*

### F INTANGIBLE FIXED ASSETS

Intangible assets are initially recognised at the cost to the RPS of acquiring these assets. Amortisation of intangible fixed assets is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives.

Intangible assets which are technological in nature are assumed to have useful lives of five years and are amortised accordingly at an annual rate of 20%.

Intellectual Property assets, categorised under intangible fixed assets, are deemed to have a longer estimated useful life, and are amortised at an annual rate of 10%.

An annual impairment review is carried out for each asset after it has been brought into use to re-assess its remaining useful life and that it still meets the definition of an intangible asset.

Provision is made for assets that are no longer deemed to give an ongoing benefit to the RPS for a period greater than 12 months.

## **G INVESTMENTS**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price.

The portion of listed investments to be sold for a cash drawdown to fund the Society's operations in a period less than one year is shown under current assets. Cash held by investment managers is also shown within current assets. The remainder of the listed investments are considered fixed asset investments.

The main form of financial risk faced by the RPS is that of volatility in equity and other investment markets due to wider economic conditions, the attitude of investors to investment risk, and changes in sentiment concerning equities and within particular sectors or sub sectors.

Properties held for investment purposes are included in these accounts at open market value. Investment properties are revalued periodically when the market value of the investment property is known to be materially different to the carrying value of that property. The valuation has been determined with professional assistance from an independent valuer. The valuer has made their assessment based on the evidence of sales transactions and current offers made on similar properties in the vicinity of the investment property.

## **H STOCKS AND WORK IN PROGRESS**

Stocks and work in progress are stated at the lower of cost and net realisable value and after making due allowance for obsolete and slow moving items. Materials and associated pre-press costs make up the unit cost of printed goods. In line with industry practice, the RPS is writing off publication editorial costs as incurred.

## **I INCOME**

Income from professional activities and publishing is stated net of Value Added Tax, where appropriate, and represents the invoiced value of goods and services supplied.

Membership fees and other subscriptions are recognised in the statement of income and

retained earnings in the year to which they relate on a pro rata basis, with the excess of receipts over income recognised carried forward in the balance sheet as deferred income.

Interest on loans and deposits is accrued as earned.

## **J REVENUE GRANTS**

Revenue grants receivable are matched against the expenditure of the specific projects in respect of which they are granted. Where projects span more than one accounting period, any excess of grants received over expenditure incurred to date is carried forward in the RPS' Balance Sheet as a current liability.

## **K FOREIGN EXCHANGE**

Assets and liabilities denominated in foreign currencies are translated into sterling using HMRC rates as at the balance sheet date. Foreign exchange differences are taken to the statement of income and retained earnings in the year in which they arise.

Forward currency contracts are a form of complex financial instrument. They are recognised at their fair value at the balance sheet date. Gains or losses arising during the year on such contracts are credited or debited to the statement of income and retained earnings.

## **L PENSION COSTS**

The RPS operates a defined contribution arrangement for all eligible employees to which the RPS contributes varying percentages of salary depending upon the age of the employee. Contributions to the scheme are accounted for on an accruals basis.

As the defined benefit pension scheme accrual ceased from April 2012 there is no current service cost. The pension scheme assets are measured using fair values at each balance sheet date. The scheme's liabilities are measured using the projected unit actuarial method. Actuarial gains and losses, in respect of the RPS' defined benefit scheme are recognised in other comprehensive income for the period. Other movements are allocated to the statement of income and retained earnings.

## **M DEBTORS**

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

## **N CASH AT BANK AND IN HAND**

Cash at bank and in hand represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Deposits for more than three months but less than one year have been disclosed as short term deposits. Cash placed on deposit for more than one year is disclosed as a fixed asset investment.

## **O CREDITORS AND PROVISIONS**

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the RPS anticipates it will pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

## **P FUND STRUCTURE**

The investment reserve comprises two elements: the cost of the RPS' investments and the total return earned on those investments. Total return comprises two elements: a capital return and an income return.

## **Q OPERATING LEASE RENTALS**

Operating lease rentals are charged to the statement of income and retained earnings over the lease term on a straight-line basis.

## **R DEFERRED TAXATION**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the RPS's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the assets can be utilised.

## 2 Income and expenditure

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Income		Expenditure	
		2019 £000s	2018 £000s	2019 £000s	2018 £000
<b>From professional body activities</b>					
Professional Member fees		4,878	4,994		
Assembly		-	-	111	95
Chief Executive		-	-	1,120	990
Pharmacy and Member Experience		534	701	4,304	4,699
Education		58	13	819	780
Innovation and Enterprise		1	-	364	67
Technology		-	-	2,357	2,250
Science & Research		7	22	353	340
Resources		152	237	4,264	4,278
Cost transfer to Pharmaceutical Press		-	-	(2,307)	(2,202)
<b>Total from professional body activities</b>		<b>5,630</b>	<b>5,967</b>	<b>11,385</b>	<b>11,297</b>
Pharmaceutical Press		17,818	17,628	11,482	11,250
Costs transfer to Pharmaceutical Press		-	-	2,307	2,202
<b>Total Pharmaceutical Press</b>		<b>17,818</b>	<b>17,628</b>	<b>13,789</b>	<b>13,452</b>
<b>Total for the year</b>		<b>23,448</b>	<b>23,595</b>	<b>25,174</b>	<b>24,749</b>

## 3 Information regarding employees

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000s	2018 £000s
Wages and salaries	10,015	9,316
Social security costs	1,047	989
Pension costs	1,202	1,141
	<b>12,264</b>	<b>11,446</b>
<b>The number of persons employed by the RPS at the end of the year was</b>	<b>2019 No.</b>	<b>2018 No.</b>
Chief Executive's Office	10	10
Education	12	11
Innovation and Enterprise	3	3
Pharmaceutical Press	94	92
Pharmacy and Member Experience	54	54
Resources	22	24
Science and Research	6	7
Technology	19	18
<i>(Staff numbers between categories have been restated for 2018)</i>	220	219
<b>Monthly average of employees in post during the year</b>	<b>2019 No.</b>	<b>2018 No.</b>
	<b>223</b>	<b>217</b>
<b>Chief Executive and Directors' remuneration</b>	<b>2019 £000s</b>	<b>2018 £000s</b>
Basic salaries	1,529	1,456
Benefits	5	4
Pension contributions	103	108
	<b>1,637</b>	<b>1,568</b>
<b>Chief Executive and Directors' remuneration, excluding pension contributions, fell within the following ranges</b>	<b>2019 No.</b>	<b>2018 No.</b>
£1 - £70,000	3	5
£70,001-£80,000	2	1
£80,001-£90,000	-	2
£90,001-£100,000	1	1
£100,001-£110,000	1	2
£110,001-£120,000	1	3
£120,001-£130,000	2	1
£130,001-£140,000	1	1
£140,001-£150,000	1	1
£170,001-£180,000	1	-
	<b>13</b>	<b>17</b>

## 4 Interest (payable)/ receivable and similar income

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 £000s	2018 £000s
Interest (payable)/receivable	(6)	7
	<b>(6)</b>	<b>7</b>

## 5 Surplus on ordinary activities before taxation

<b>This is stated after charging</b>	2019 £000s	2018 £000s
Operating lease rentals	42	42
Depreciation of fixed assets	1,136	1,044
<b>Auditor's remuneration</b>		
Buzzacott LLP: audit services		
Prior Year	6	(1)
Current Year	30	28
Buzzacott LLP: other services	9	20

## 6 Taxation

	2019 £000s	2018 £000s
Profit/ (loss) for the period	138	(1,627)
Expected tax charge at 19.25% (2018: 19.25%)	27	(315)
<b>Effects of</b>		
Disallowable expenditure	(153)	(377)
Unrecognised deferred tax	(253)	730
Non-taxable income	243	105
Movement on pension scheme (see note 18)	241	235
Revaluation movements	68	91
<b>Actual tax credit/charge</b>	<b>173</b>	<b>(1,158)</b>

## 7 Heritage assets

The Museum of the RPS, established in 1842, has collections covering all aspects of British pharmacy history including:

- traditional dispensing equipment
- drug storage containers
- fine "Lambeth delftware" dating from the 1600s and 1700s
- proprietary (brand name) medicines dating from the 1700s to present
- bronze and bell metal mortars
- medical caricatures
- a photo archive.

### Preservation and management

The museum's curators who are responsible for maintaining the museum's register of objects. There are around 45,000 objects within the collection, of which only a sample is on display at any one time. Objects in the stored collections are available to be viewed by appointment.

The RPS elected to value these heritage assets in the year to 31 December 2015.

## 8 Intangible fixed assets

	INTELLECTUAL PROPERTY £000s	PRODUCT DEVELOPMENT £000s	TOTAL £000s
<b>Cost</b>			
As at 1 January 2019	240	2,630	2,870
Additions	-	185	185
<b>As at 31 December 2019</b>	<b>240</b>	<b>2,815</b>	<b>3,055</b>
<b>Depreciation</b>			
As at 1 January 2019	-	722	722
Charge for the year	22	431	453
<b>As at 31 December 2019</b>	<b>22</b>	<b>1,203</b>	<b>1,235</b>
<b>Net Book Value</b>			
<b>As at 31 December 2019</b>	<b>218</b>	<b>1,662</b>	<b>1,880</b>
<b>As at 31 December 2018</b>	<b>240</b>	<b>1,909</b>	<b>2,149</b>

## 9 Tangible fixed assets

	FREEHOLD PROPERTY £000s	LONG LEASEHOLD £000s	PLANT & MACHINERY £000s	OFFICE EQUIPMENT £000s	TOTAL £000s
<b>Cost</b>					
As at 1 January 2019	18,315	111	2,082	1,834	22,342
Additions	327	-	-	294	621
Transfer from investment property	1,579	-	-	-	1,579
Disposals	-	-	-	(721)	(721)
<b>As at 31 December 2019</b>	<b>20,221</b>	<b>111</b>	<b>2,082</b>	<b>1,407</b>	<b>23,821</b>
<b>Cost</b>					
Valuation - 2018	3,454	-	-	-	3,454
	<b>20,802</b>	<b>111</b>	<b>2,082</b>	<b>1,834</b>	<b>23,821</b>
<b>Depreciation</b>					
As at 1 January 2019	283	66	405	1,194	1,948
Charge for the year	290	7	115	271	683
Disposals	-	-	-	(624)	(624)
<b>As at 31 December 2019</b>	<b>573</b>	<b>73</b>	<b>520</b>	<b>841</b>	<b>2,007</b>
<b>Net Book Value</b>					
<b>As at 31 December 2019</b>	<b>19,648</b>	<b>38</b>	<b>1,562</b>	<b>566</b>	<b>21,814</b>
<b>As at 31 December 2018</b>	<b>18,032</b>	<b>45</b>	<b>1,677</b>	<b>640</b>	<b>20,394</b>

The RPS's freehold properties were revalued as at 31 December 2017, by a registered valuer at GL Hearn in accordance with the Royal Institution of Chartered Surveyors (RICS) valuation professional standards. Market value was used as the basis for fair value.

At acquisition, components of the properties were allocated to freehold property and plant for the purposes of calculating depreciation. At revaluation, the gain was attributed to land and freehold property.

## 10 Investments

	INVESTMENT PROPERTY £000s	LISTED INVESTMENTS £000s	TOTAL 2019 £000s	TOTAL 2018 £000s
As at January 2019	2,980	7,471	10,451	10,406
Additions	-	4,736	4,736	6,189
Transfer to fixed assets	(1,579)	-	(1,579)	-
Disposal at book value (proceeds: £7,584,000 realised gain: £614,000)	-	(6,970)	(6,970)	(5,344)
Unrealised losses	-	(52)	(52)	(802)
<b>As at 31 December 2019</b>	<b>1,401</b>	<b>5,185</b>	<b>6,586</b>	<b>10,449</b>
Cash held for reinvestment	-	371	371	517
<b>Total investments as at 31 December 2019</b>	<b>1,401</b>	<b>5,556</b>	<b>6,957</b>	<b>10,966</b>
<b>Historical cost of investments as at 31 December 2019</b>	<b>427</b>	<b>5,181</b>	<b>5,608</b>	<b>9,417</b>



## 11 Stocks and work in progress

	2019 £000s	2018 £000s
Work in progress	5	2
Finished goods and goods for resale	57	61
	<b>62</b>	<b>63</b>

## 12 Debtors

	2019 £000s	2018 £000s
Trade debtors	2,699	2,627
Other debtors	1,060	1,470
Prepayments and accrued income	2,032	1,939
VAT debtor	219	192
	<b>6,010</b>	<b>6,228</b>

## 13 Creditors

### Amounts falling due within one year

	2019 £000s	2018 £000s
Trade creditors	940	1,272
Other taxes and social security	290	267
Other creditors	1,570	1,998
Accruals	920	1,050
	<b>3,720</b>	<b>4,587</b>

## 14 Deferred income

Income has been deferred as a result of the Society receiving amounts in advance of the period that they relate to for activities that have been analysed below:

	2019 £000s	2018 £000s
Subscription income	3,773	3,287
Licensing income	1,390	1,529
Membership income	576	626
Other income	257	206
	<b>5,996</b>	<b>5,648</b>

## 15 Provisions

	2019 £000s	2018 £000s
As at January 2019	1,887	1,928
Additions	-	314
Release	(1,887)	(355)
<b>As at 31 December 2019</b>	<b>-</b>	<b>1,887</b>

Provisions totalling £1,887,000 were released in the year, against which £933,800 was spent, of which the most significant proportion related to

final settlement of the protracted dispute with the contractor appointed to redevelop 66 East Smithfield.

## 16 Financial commitments

The total future minimum lease payments over these periods are as follows:

	2019 £000s	2018 £000s
Operating leases due:		
Within one year	42	42
Within two to five years	28	70
	<b>70</b>	<b>112</b>

## 17 Investment Reserve

The makeup of the investment reserve as at 31 December 2019 is

2019 £000s

Investment reserve as at 1 January 2019	4,875
Deferred tax	21
Net investment losses	562
Foreign exchange losses on derivative financial instruments	39
Surplus of investment income over management expenses	80
	<b>5,577</b>

Unapplied total return available within the investment reserve	Income return £000s	Capital return £000s	Total
As at 1 January 2019	120	1,056	1,176
Returns in the period	81	600	681
Returns released to the general reserve	-	-	-
<b>As at 31 December 2019</b>	<b>201</b>	<b>1,656</b>	<b>1,857</b>

## 18 Property revaluation reserve

The makeup of the investment reserve as at 31 December 2019 is	2019 £000s	2018 £000s
As at 1 January 2019	3,860	3,345
Decrease in provisions	800	-
Deferred tax	47	515
<b>As at 31 December 2019</b>	<b>4,707</b>	<b>3,860</b>

## 19 Deferred Tax Asset / (Liability)

	2019 £000s	2018 £000s
Opening deferred tax asset	283	(186)
Pension scheme liability	(241)	(235)
Investment movements	47	189
Property revaluation	21	515
Actual tax charge	-	-
<b>Total net deferred tax asset / (liability)</b>	<b>110</b>	<b>283</b>

## 20 Pensions

Payments into the defined contribution/Group Stakeholder Pension Plan scheme of £601,748 (2018: £541,166) were due in the year, of which £105,631 (2018: £98,000) were outstanding at year end.

The RPS Staff Pension Scheme is a defined benefit scheme closed to new entrants. The assets of the scheme are held separately, under the control of its trustees, and the RPS does not have access to these funds. An actuarial assessment was carried out as at 31 December 2018 and the results have been updated to 31 December 2019 by a qualified actuary.

In April 2012, the RPS closed the scheme to future accrual, but continues to look at ways to reduce its exposure to the Scheme and limit the cost of maintaining the Scheme in the future. In accordance with the requirements of section 28 of FRS102, the Scheme actuary has carried out a valuation of the Scheme using the assumptions specified by the reporting standard. The assumptions used in calculating the expected return on assets and the Scheme's liabilities are detailed in the following disclosures.

The FRS102 valuation as at 31 December 2019 reveals a scheme deficit of £1,947,000. This is an improvement on the deficit declared at the end of 2018 of £2,972,000.

In addition to the contribution rates required to meet the cost of benefits earned by members in the future, the RPS is paying monthly contributions of £50,000. This will increase to £58,333 from 2021 to 2024, with a final payment of £350,000 in 2025. It is anticipated that the additional contributions will eliminate the shortfall revealed by the 31 December 2012 valuation by the end of 2025.

The next full actuarial valuation is due not later than as at 31 December 2021. The Employer will continue to monitor funding levels on, at least, an annual basis.

The total contributions for the year ended 31 December 2019 were £600,000.

<b>A THE AMOUNTS RECOGNISED IN THE BALANCE SHEET ARE AS FOLLOWS</b>	<b>2019 £000</b>	<b>2018 £000s</b>
Present value of funded obligations	(65,052)	(63,021)
Fair value of plan assets	63,105	60,049
<b>Net liability</b>	<b>(1,947)</b>	<b>(2,972)</b>

  

<b>B CHANGES IN THE PRESENT VALUE OF THE DEFINED BENEFIT OBLIGATION ARE AS FOLLOWS</b>	<b>2019 £000</b>	<b>2018 £000s</b>
<b>Opening defined benefit obligation</b>	<b>63,021</b>	<b>68,433</b>
Benefits paid	(2,828)	(3,820)
Administration costs	283	270
Interest cost	1,791	1,638
Actuarial (gain) loss	2,785	(3,806)
Past service costs including curtailments	-	306
<b>Defined benefit obligation at end of year</b>	<b>65,052</b>	<b>63,021</b>

  

<b>C CHANGES IN THE FAIR VALUE OF THE SCHEME ASSETS ARE AS FOLLOWS</b>	<b>2019 £000</b>	<b>2018 £000s</b>
<b>Opening fair value of scheme assets</b>	<b>60,049</b>	<b>64,239</b>
Interest income	1,709	1,535
Actuarial gain (loss)	3,575	(2,505)
Employer contributions	600	600
Benefits paid	(2,828)	(3,820)
<b>Fair value of scheme assets at the year end</b>	<b>63,105</b>	<b>60,049</b>

  

<b>D THE AMOUNTS INCLUDED WITHIN THE STATEMENT OF INCOME AND RETAINED EARNINGS ARE AS FOLLOWS</b>	<b>2019 £000</b>	<b>2018 £000s</b>
Past service costs including curtailments	-	(306)
Administration cost	(283)	(270)
<b>Total amount charged within surplus as operating activities before tax</b>	<b>(283)</b>	<b>(576)</b>

  

<b>E ANALYSIS OF PENSION FINANCE COSTS</b>	<b>2019 £000</b>	<b>2018 £000s</b>
Interest on scheme assets	1,709	1,535
Interest on pension liabilities	(1,791)	(1,638)
<b>Pension finance costs</b>	<b>(82)</b>	<b>(103)</b>

<b>F AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME</b>	<b>2019 £000</b>	<b>2018 £000s</b>
Actuarial gain (loss) on assets	3,575	(2,505)
Actuarial (loss) gain on liabilities	(2,785)	3,806
<b>Actuarial gain recognised in other comprehensive income</b>	<b>790</b>	<b>1,301</b>

<b>G THE MAJOR CATEGORIES OF SCHEME ASSETS AS A PERCENTAGE OF TOTAL SCHEME</b>	<b>2019</b>	<b>2018</b>
UK equities	10.0%	3.4%
LDI	19.3%	24.1%
DGF	27.2%	26.4%
Insurance Contracts	38.7%	42.2%
Cash	4.8%	3.9%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

<b>H SCHEME PRINCIPAL ASSUMPTIONS AT THE BALANCE SHEET DATE (EXPRESSED AS WEIGHTED AVERAGES):</b>	<b>2019</b>	<b>2018</b>
Discount rate	1.90%	2.90%
Retail Prices Index (RPI) inflation	3.20%	3.40%
Consumer Prices Index (CPI) inflation	2.20%	2.40%
Future increases to deferred pensions	2.20%	2.40%
Rate of increase of pensions in deferment:		
LPI (max 3%) based on CPI	1.95%	2.10%
LPI (max 5%) based on RPI	3.05%	3.15%
LPI (max 2.5%) based on RPI	2.05%	2.10%

<b>I HISTORICAL TRENDS</b>	<b>2019 £000</b>	<b>2018 £000</b>	<b>2017 £000</b>	<b>2016 £000</b>	<b>2015 £000</b>
Defined benefit obligation	65,052	63,021	70,143	63,021	57,550
Scheme assets	(63,105)	(60,049)	(63,878)	(60,049)	(54,685)
Surplus / (deficit)	(1,947)	(2,972)	(6,265)	(2,972)	(2,865)
Non-recognition of surplus	-	-	-	-	-
Experience adjustments on scheme liabilities	(2,785)	3,806	373	3,806	2,923
Experience adjustments on scheme assets	3,575	(2,505)	1,538	(2,505)	(2,044)

## K LIFE EXPECTANCY

	2019	2018
<b>Retiring Now</b>		
Males	26.9	27.2
Females	29.1	29.0
<b>Retiring in 20 years</b>		
Males	28.7	29.1
Females	30.6	30.6

## 21 Related Party Transactions

In 2019, payments for Board and Assembly related activities totalled £212,000 (2018: £231,000). These payments cover fixed allowances and expenses to undertake their roles, which may necessitate travel and accommodation to and from meetings where it is not possible or practical to participate remotely. Some members are released by employers, and certain members with extra responsibilities will be expected to represent RPS externally.

Owing to their expertise within the pharmaceutical field, Assembly and Board members may also complete small pieces of editorial work or be engaged in the delivery of educational events on behalf of the RPS.

## 22 Member expenses

MEMBER	POSITION HELD	ATTENDANCE FEES	LOCUM ALLOWANCE	TRAVEL	OTHER	TOTAL
Hamish Wilson	Assembly	-	-	1,208	1,048	2,255
Linda Hakes	Assembly	-	-	478	163	641
Nigel Ratcliffe	Assembly	525	-	-	163	688
Mary Lynne Smith	Assembly	854	-	235	383	1,472
Claire Anderson	English Pharmacy Board & Assembly **	5,381	-	857	1,440	7,678
Elizabeth Butterfield	English Pharmacy Board	3,075	-	236	326	3,637
Mahendra Patel	English Pharmacy Board & Assembly	7,892	-	4,503	1,494	13,889
Martin Astbury	English Pharmacy Board & Assembly	16,260	-	4,941	4,317	25,518
Thorrún Govind	English Pharmacy Board	2,306	-	976	401	3,684
Tracey Thornley	English Pharmacy Board **	2,819	-	-	544	3,362
Andre Yeung	English Pharmacy Board	1,839	-	861	554	3,253
Brendon Jiang	English Pharmacy Board	1,576	-	664	186	2,426
Duncan Petty	English Pharmacy Board	263	-	1,208	-	1,470
Ashok Soni	English Pharmacy Board & Assembly	30,828	-	2,671	1,547	35,046
David Carter	English Pharmacy Board & Assembly	4,241	800	1,943	2,651	9,635
Sandra Gidley	English Pharmacy Board & Assembly	28,066	-	7,005	5,378	40,449
Sibby Buckle	English Pharmacy Board & Assembly	449	-	2,151	2,215	4,816
Ailsa Power	Scottish Pharmacy Board	1,375	-	392	85	1,852
Andrew Carruthers	Scottish Pharmacy Board	2,175	-	620	85	2,880
Anne Boyter	Scottish Pharmacy Board *	-	-	546	85	631
Alasdair Angus MacIntyre	Scottish Pharmacy Board	750	-	214	85	1,049
Deborah Alice Stafford	Scottish Pharmacy Board	-	-	641	91	733
Brian Addison	Scottish Pharmacy Board	-	-	577	82	659
John McAnaw	Scottish Pharmacy Board & Assembly	-	-	1,004	737	1,740
Jonathan Burton	Scottish Pharmacy Board & Assembly	4,859	-	1,896	656	7,412
Kathleen Cowle	Scottish Pharmacy Board	-	-	1,086	608	1,694
Tamara Cairney	Scottish Pharmacy Board	1,513	-	313	85	1,911
Adam Mackridge	Welsh Pharmacy Board	1,666	-	1,379	605	3,650
Dylan Jones	Welsh Pharmacy Board **	1,922	-	953	487	3,362
Ewan Black	Welsh Pharmacy Board & Assembly	4,102	-	1,592	1,160	6,854
Jamie Hayes	Welsh Pharmacy Board & Assembly	-	-	704	956	1,659
Richard Evans	Welsh Pharmacy Board	2,750	-	1,377	-	4,127
Robert Davies	Welsh Pharmacy Board	3,331	-	1,124	790	5,246
Sudhir Sehrawat	Welsh Pharmacy Board	3,075	-	181	498	3,754
Suzanne Scott-Thomas	Welsh Pharmacy Board & Assembly	263	-	1,104	1,711	3,077
		<b>134,153</b>	<b>800</b>	<b>45,639</b>	<b>31,616</b>	<b>212,208</b>

\* All travel relates to Membership Committee responsibilities

\*\* Attendance fees paid direct to employer

# Addendum to the financial statements subsequent to assembly approval

As the financial statements were being approved, the UK was at the onset of the Covid-19 outbreak, with daily cases increasing at an alarming rate and the government responding in kind with tighter and tighter lockdown controls. This has significantly impacted the profession as well as all organisations and businesses both domestically and internationally. As this represented a significant post-balance sheet event with an impact that is potentially wide-ranging and difficult to forecast, our auditors requested that we incorporate a description of the circumstances and our response. The following text describes RPS management's action in the period since approval of the Report and financial statements which have been approved by the President and Treasurer of the Society.

Since 18th March 2020 when the Report and Financial Statements were approved by the Assembly, all RPS offices have been operating remotely. Through careful planning and redeployment of our resources, the RPS has been able to minimise the initial financial impact to date. However, we recognise there will be a need for a 'new normal' in a post-Covid era and are confident that we have the capability and capacity to meet the challenges ahead.

An Impact Assessment on the RPS's 2020 finances and operating models has been undertaken, and the current belief is that there should be no adverse material financial impact on the organisation, however, workplans have inevitably changed. Usual activities have been put on hold whilst a Covid-19 steering group was formed to drive a structured RPS response to the pandemic outbreak. This was aimed at supporting members and the profession in continuing to provide safe and effective pharmaceutical care to patients during the Covid-19 pandemic.

In assessing whether the use of the going concern assumption is appropriate in preparing these accounts, the Assembly did not identify any circumstances which cast significant doubt on this assertion. The Assembly has made this assessment in respect to a period of one year from the date of approval of these accounts. Management has reviewed the impact of the pandemic on the RPS and concluded that, although there may be some negative consequences, it is appropriate for the RPS to continue to prepare its accounts on the going concern basis.

The full impact of the global coronavirus pandemic is still unknown. It is therefore not currently possible to evaluate all the potential impacts on the RPS's activities, its suppliers and the wider economy. Estimates used in the accounts, particularly with respect to the value of listed investments (see note 10), are subject to a greater degree of uncertainty and volatility.

Management has carefully assessed a range of potential scenarios for the impact of the Covid-19 pandemic on the operations of the RPS, its stakeholders and the communities we serve. The RPS remains confident that we have both resources and processes in place to mitigate any significant disruption to its operations. As a result, the impact of Covid-19 pandemic does not warrant any adjustments to these accounts.

Despite the fall in global stock markets as a result of the Covid-19 pandemic since the balance sheet date, the market value of the investment portfolio is close to flat for the first three months of 2020. For context, over the same period, the UK stock market has fallen by 25%, and the US stock market by 20%. It is extremely hard to predict how markets will react as Covid-19 unfolds, however, the portfolio has been intentionally positioned to protect against a significant market adjustment such as this.



**SANDRA GIDLEY**  
FRPharmS  
PRESIDENT



**MAHENDRA PATEL**  
FRPharmS  
TREASURER

10<sup>th</sup> June 2020



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SOCIETY**

